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Attorney for Swan Lake North Hydro, LLC and  
FFP Project 101, LLC

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF AVISTA'S 2020  
ELECTRIC INTEGRATED RESOURCE  
PLAN**

**CASE NO. AVU-E-19-01**

**COMMENTS OF SWAN LAKE  
NORTH HYDRO, LLC AND FFP  
PROJECT 101, LLC**

**I. INTRODUCTION**

Pursuant to Idaho Public Utility Commission ("Commission") Rules of Procedure<sup>1</sup> Swan Lake North Hydro, LLC ("Swan Lake") and FFP Project 101, LLC ("Goldendale") submit these comments through counsel supporting the 2019/2020 Electric Integrated Resource Plan ("Electric IRP") filed by Avista Corporation ("Avista" or the "Company") on February 28, 2020. As Avista's analysis illustrates, pumped hydro storage is a cost effective resource that is uniquely capable of providing dispatchable zero-emissions capacity, which can help both Avista and the region reliably transition towards a decarbonized generation fleet. While Avista has included up to 175 MW of long-duration pumped hydro storage in the 2020 Preferred Resource Strategy, additional clarification and/or revisions may be needed to account for the unique benefits pumped storage projects have to offer Avista's customers. As described herein, the

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<sup>1</sup> IDAPA 31.01.01.043.

Commission may be in a position to ensure that the unique customer benefits of pumped storage are fairly evaluated should Avista go forward with a request for proposal for capacity in 2021 (the “2021 Capacity RFP”). Swan Lake and Goldendale look forward to participating in that process and encourage Avista to provide stakeholders additional details about the 2021 Capacity RFP as early as possible due to the long lead times associated with pumped hydro storage projects.

## **II. BACKGROUND**

After finding that Avista has sufficient resources to meet its near-term requirements, Avista’s Electric IRP focuses on meeting sizable capacity and resource needs beginning in 2026 at the lowest reasonable cost to customers. Avista faces nearly 500 MW of capacity losses due to Colstrip and natural gas-fired generation retirements, as well as potential energy resource reductions due to expiring hydro contracts.<sup>2</sup> As such, the Electric IRP calls for the addition of long duration energy storage, additional demand response, 500 MW of new wind resources, and upgrades to thermal and hydroelectric facilities.<sup>3</sup> Avista’s Preferred Resources Strategy includes 175 MW of long-duration pumped hydro storage by 2026, which led Avista to state that it may issue the 2021 Capacity RFP to compare available pumped hydro projects.<sup>4</sup>

Swan Lake and Goldendale are both actively engaged in the development of pumped storage hydroelectric projects in the region that will utilize environmentally friendly “closed loop” technology to provide unmatched flexibility needed to integrate variable renewable resources being added to the electric supply system, as well as stacked energy, capacity and other reliability and economic benefits to the region. Swan Lake is developing a 400 MW project in

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<sup>2</sup> Avista 2020 Electric Integrated Resource Plan at 1-5, 4-7, 4-8 (Feb. 20, 2020).

<sup>3</sup> *Id.* at 1-1, 1-5.

<sup>4</sup> *Id.* at 11-5.

Klamath County, Oregon, which is fully permitted, received its Federal Energy Regulatory Commission (“FERC”) license in 2019 and is scheduled to reach commercial operation by 2025. Goldendale is developing a 1,200 MW project in Klickitat County, Washington, which is scheduled to reach commercial operation by 2028.

### III. COMMENTS

#### A. Avista’s Resource Adequacy Analysis Warrants Immediate Action

In considering Avista’s ability to provide adequate power over the 20-year planning period, the Electric IRP highlights serious resource adequacy risks looming in the region. Avista provides an overview of its conclusions after participation in the Northwest Power and Conservation Council resource adequacy forum, reviewing studies provided by Energy and Environmental Economics (“E3”), and undergoing its own market power forecasts and studies.<sup>5</sup> Avista’s analysis concludes the region is at serious risk without new resources, unless loads fall or the region is able to acquire winter capacity from other regions.<sup>6</sup> For example, the E3 study states an additional 5,000 MW of capacity will be needed by 2030 to maintain reliability.<sup>7</sup>

One aspect driving resource adequacy is the region’s decarbonization efforts. Avista has a corporate goal of providing 100 percent net clean energy by 2027, which parallels requirements under Washington’s Clean Energy Transformation Act (“CETA”).<sup>8</sup> These efforts make pumped hydro a natural fit for Avista’s future resource fleet needs. As the Electric IRP highlights, energy storage will play a critical role in removing carbon-emitting resources from Avista’s portfolio.<sup>9</sup> Avista notes that pumped hydro could help meet system integration issues resulting from

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<sup>5</sup> *Id.* at 7-9.

<sup>6</sup> *Id.* at 7-11.

<sup>7</sup> *Id.* at 7-10.

<sup>8</sup> *Id.* at 1-6, 4-16.

<sup>9</sup> *Id.* at 1-6.

increased renewable, intermittent generation.<sup>10</sup> Avista modeled long-term duration (8 hours, 12 hours, 16 hours, 24 hours, 40 hours, and 80 hours), which is an area where pumped hydro tends to outperform other storage options. Avista plans to combine long duration pumped hydro, along with other storage products to provide the reliable capacity required to meet long cold winter periods where weather and sun dependent renewable resources do not always contribute to load service.<sup>11</sup> Another benefit identified by Avista, is the ability to alleviate transmission and distribution expansion needs, because pumped hydro can alleviate conductor overloading and short duration load demands.<sup>12</sup>

While the Electric IRP demonstrates that Avista does not have an immediate need for new resources, the size of the region's mid-to-long-term need is staggering and may undercut Avista's ability to procure capacity beyond 2025. The region's need provides an important lens to view the Preferred Resource Strategy. Given this broader context, Avista would be well served to contract for capacity sooner rather than later. This is especially true for resources like pumped hydro storage, which provide particularly attractive capacity benefits, but can take longer than other resources to come online. Swan Lake and Goldendale want to caution the Commission that pumped hydro resources are not always available and if Avista wants to secure pumped hydro, it will need to move quickly to do so.

**B. Avista Should Provide More Details About Its 2021 Capacity RFP Plans**

To meet its 2026 capacity shortfall, Avista states that it is monitoring potential pumped hydro storage projects in the region and is interested in pursuing one if the resource can meet certain requirements. The Electric IRP proposed to replace nearly 500 MW of capacity lost from

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<sup>10</sup> *Id.* at 9-10.

<sup>11</sup> *Id.* at 1-6.

<sup>12</sup> *Id.* at 9-10.

Colstrip and Lancaster facilities with 175 MW of long duration pumped hydro.<sup>13</sup> Avista notes that any pumped hydro storage project must be able to meet its customers' winter peak load and exceed the timing needs and pricing characteristics of other resource options to be selected.<sup>14</sup> According to Avista's analysis, long duration storage assets could also allow it to replace the need for other natural gas-fired peaking generation identified in its previous IRP. Given this potential for storage, Avista explains that it will actively pursue storage, so long as it meets its customers' needs, and that if it is not feasible or cost effective, the Company may pursue other alternatives, including a gas-fired peaker. To help with its decision, Avista states it *may* issue the Capacity RFP in 2021 and will evaluate the appropriate timing of any such action in 2020.

As discussed above, Avista should move swiftly to release the 2021 Capacity RFP if it wants to contract for pumped hydro storage in 2026. Swan Lake and Goldendale appreciate the difficulty in modeling pumped hydro resources, given the variability in project size and economics, but cautions that it may not be realistic to assume that pumped hydro resources will be available to compare if Avista delays its consideration. Additionally, pursuing new gas-fired generation may not be a tenable or a realistic alternative to pumped storage. Swan Lake and Goldendale respectfully request the Commission urge Avista to begin providing stakeholders with information pertaining to its plans for a 2021 Capacity RFP.

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<sup>13</sup> *Id.* at 11-5.

<sup>14</sup> *Id.* at 11-5.

#### IV. CONCLUSION

Swan Lake and Goldendale appreciate the opportunity to comment on Avista's Electric IRP and look forward to continuing to work with Avista during the course of this proceeding.

Dated this 19<sup>th</sup> day of August, 2020.

Respectfully submitted

/s/ Sidney Villanueva

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